

# WORK OPPORTUNITY TAX CREDIT PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

## PURPOSE

To provide a financial incentive for employers to hire from 8 targeted groups of people with barriers to employment.

## AUTHORIZATION

Public Law 106-170 Section 505.

## HOW THE PROGRAM WORKS

A certification for a federal income tax credit of up to \$2,400 will be issued for each new hire that is certified by the Missouri Division of Workforce Development (DWD) as a member of one of the following target groups:

- ?? Short-term Welfare recipients
- ?? 18-24 year-old Food Stamp recipients
- ?? Veterans receiving Food Stamps
- ?? Vocational Rehabilitation referrals
- ?? 18-24 year-old Empowerment Zone or Enterprise Community residents
- ?? 16-17 year-old Empowerment Zone or Enterprise Community residents hired as Summer Youth Employees
- ?? Ex-Felons who are members of a low-income family
- ?? Supplemental Security Income recipients

## ELIGIBLE AREAS

Statewide

## ELIGIBLE APPLICANTS

Any private, for-profit business

## ELIGIBLE USE OF TAX CREDITS:

The tax credits may be used to offset federal income tax liability of the business. Unused credit may be carried back one year and carried forward 20 years. The tax credits are not sellable or transferable. (Section 51, Internal Revenue Code 1986, as amended)

## APPLICATION PROCEDURE/APPROVAL METHOD

A business will submit an application to DWD no more than 21 days after the employee's first day of work. If DWD finds that the employee meets the target group eligibility criteria, a certification for the credit will be issued to the employer. The program is not competitive or based on first-come submission.

The credit is equal to 40% of the first \$6,000 of the first year's wages for a maximum credit of \$2,400 for employees that work at least 400 hours. For employees who work at least 120 hours, but do not reach 400 hours, the credit is calculated at 25%.

## FUNDING LIMITS

There is no limit on the amount per business or total amount distributed annually.

## CONTACT

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